

Pension File 16-675

Lipscomb, Theodore

Thu 12/8/2016 9:48 AM

To:Abele, Chris <Chris.Abele@milwaukeecountywi.gov>;

Cc:DL CBRD CtyBrd Supervisors <CBRD CtyBrdSupervisors@milwaukeecountywi.gov>; Bablitch, Kelly <Kelly.Bablitch@milwaukeecountywi.gov>; Ninneman, Marian <Marian.Ninneman@milwaukeecountywi.gov>;

Dear County Executive Abele,

Your Administration failed to disclose information in a timely manner about the scope and magnitude of the costs of the administrative fix that the Employees' Retirement Systems' (ERS) agreed to (without legislative approval) in June 2016. The October 19, 2016, actuary report quantifying the fiscal impact of this administrative correction also was withheld from the Board for almost a month until final action on the 2017 budget was complete. [I invite you to present on File 16-675 scheduled before today's meeting of the Committee on Finance and Audit to answer questions in a public forum about the \\$17 million pension error and potential budget implications of this correction for over 1,200 members.](#)

Your staff has pointed to File 16-411 to suggest that the Administration fully disclosed this \$17 million error to the Board in July. You may be unaware that when ERS originally submitted this file I questioned why that office had failed to have either Department of Administrative Services (DAS) Budget or the Comptroller review for fiscal impact. Subsequently, the Human Resources Director reported in response to my question that "DAS review indicates \$0 impact." Clearly explicit details of this \$17 million error were not shared with the Board at that time.

Below are outlined a few questions that deserve forthright answers.

* Was the cost of correcting the mortality table calculated or estimated by the Administration before ERS agreed to accept the specified correction? If so, please provide that earlier calculation. If it was not quantified before accepting the terms, why not? It is noted that the June 2016 IRS letter indicates that the applicant would "recalculate" the benefits.

* When did you know about this pension error? Your Chief of Staff testified before the December 2 Personnel Committee that you did not know about this error when you took office in 2011, and learned about the situation about two years ago. Is that accurate? If so, when did ERS know about the errors? And why was this information not reported to you as part of your day-to-day management of Milwaukee County between 2011 and 2014?

* Are there more costs associated with any of the administrative fixes to failures that your Administration is implementing as part of the Voluntary Correction Plan (VCP) that ERS entered with the IRS?

I request that you and ERS provide a written report to the Finance and Audit Committee in January to update the public on the VCP, including a quantification of the costs of remedies associated with each failure for which ERS has agreed to provide an administrative fix.

Sincerely,

~Theo

Theodore A. Lipscomb, Sr.
Milwaukee County Board Chairman

County Supervisor, 1st District
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